

24 April 1956

DATA RELATED TO THE USE OF U.S. AGRICULTURAL SURPLUSES AS AN
ECONOMIC WEAPON IN THE EUROPEAN SATELLITES

A. Current Food Situation

The European Satellites as a group were net exporters of wheat and corn before World War II, and net importers of rice and cotton. Since 1949, the Satellites have been net importers of all four commodities. The USSR furnishes the Satellites as a group with about 50% of their net wheat imports, and 75 - 85% of their net cotton imports. The remainder of the imports are from the Free World. Detailed information by commodity is given below.

Even though the Satellites as a group are net importers of food and fiber, they are not suffering from serious food shortages. An examination of the daily average per capita food availability (Table 1) for the Satellite countries reveals a satisfactory condition except in Albania. The three countries with the lowest level compared with prewar are East Germany, Hungary, and Rumania. Comparable per capita availability for the U.S. and the USSR in 1954-55 was about 3200 and 2650 calories respectively.

Table 1
Average Daily Per Capita Caloric Intake, European Satellites

	<u>Prewar</u>	<u>1953-54</u>	<u>1954-55</u>
Albania	1757	1745	1742
Bulgaria	2424	2341	2507
Czechoslovakia	2514	2540	2471
East Germany	2813	2558	2308
Hungary	2633	2363	2363
Poland	2775	2951	2963
Rumania	2608	2184	2329

Since the 1955 grain harvest was a good one, most of the Satellites will show an improvement in the average caloric intake for 1955-56.

The quality of the average diet, however, has deteriorated as compared to prewar. In every Satellite the contribution of bread grain (wheat and rye) to the diet of the industrial worker has increased and the contribution of meat, dairy products, fat and oils has decreased. This is particularly true in the more highly industrialized countries, i.e., East Germany, Poland, Czechoslovakia, and Hungary.

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B. Commodity Round-Up

1. Wheat.--The increased per capita consumption of bread grain and decreases in bread grain production since prewar have changed the Satellites from net exporters to net importers of wheat. It is estimated that net imports were 1.9 million tons during 1954-55 (See Table 2), of which 50% was from the USSR. Poland and Hungary were the primary importers of western wheat in 1954-55. Despite good harvests in 1955, Czechoslovakia and East Germany, as well as Poland and Hungary, have negotiated for wheat in 1955-56. We believe, however, that combined Satellite wheat imports will be less in 1955-56 than in 1954-55.

There are several reasons why the Satellites are importing wheat from the West despite good 1955 harvests -- a few of which are:

- (a) To compensate for reduced Soviet imports.
- (b) To compensate for the increased use of bread grain as fodder.
- (c) To replenish stockpiles depleted during 1952, 1953, and 1954.

2. Corn.--Corn has traditionally been exported by Bulgaria and Rumania. Czechoslovakia is the major Satellite importer of corn. In 1954-55 Czechoslovakia imported 236,000 tons, with the Bloc accounting for 55% of the imports. Because of the expansion of the animal industry in the limited corn-producing areas of the European Satellites, i.e., Poland, East Germany, and Czechoslovakia, a great need is developing for feedstuffs. All of the Satellites have corn expansion programs underway, but only limited success can be expected during the next five years. Therefore, Poland, East Germany, and Czechoslovakia could absorb large quantities of corn for feeding purposes.

3. Rice.--Rice accounts for a very small share in the average Eastern European diet. The Satellites have traditionally been net importers. It appears that for the first time since the war imports during 1955-56 will approximate prewar levels. Imports are primarily from Burma.

4. Cotton.--Cotton is imported by all the Satellites. The USSR, a surplus producer, has supplied 75% - 85% of these imports. Recent Satellite trade agreements with underdeveloped countries have called for cotton imports. Also, the USSR plans to expand its production by 56% by 1960. Thus, current sources of supply will easily take care of Satellite needs. Indeed, it has been reported that the Czechs are re-exporting Egyptian cotton at 10% under the world price.

Table 2

European Satellite Net Trade ^{a/} in Selected Commodities, Prewar, ^{b/}
1953-54 and 1954-55
(1000 metric tons)

	<u>Albania</u>	<u>Bulgaria</u>	<u>Czechoslovakia</u>	<u>E. Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Rumania</u>	<u>Total</u>
Wheat								
Prewar	+ 1.0	-120.0	- 30.0	-350.0	-504.0	- 85.0	-235.0	-1313.0
1953-54	+85.0	-231.0	+600.0	+155.0	- 65.0	+250.0	-279.0	+ 515.0
1954-55	+85.0	-187.0	+726.0	+155.0	+420.0	+530.0	+211.0	+1940.0
Corn								
Prewar	+11.0	-102.0	+125.0	+ 25.0	+ 27.0	+ 25.0	-260.0	- 149.0
1953-54	+ 5.0	- 52.0	+100.0	+ 30.0	- 25.0	n.a.	- 6.0	+ 52.0
1954-55	+10.0	- 70.0	+236.0	+ 30.0	+ 36.0	+ 50.0	-154.0	+ 138.0
Rice								
Prewar	+ 3.2	- 1.0	+ 61.0	+ 40.0	+ 20.0	+ 45.0	+ 12.0	+ 180.2
1953-54	---	n.a.	+ 25.0	+ 30.0	+ 2.0	+ 50.0	n.a.	+ 107.0
1954-55	---	n.a.	+ 25.0	+ 34.0	+ 10.0	+ 50.0	n.a.	+ 119.0
Cotton								
Prewar	n.a.	+ 18.9	+ 94.0	+ 11.0	+ 28.0	+ 68.0	+ 20.0	+ 239.9
1953-54	n.a.	+ 4.0	+ 72.0	+ 59.0	+ 34.0	+110.0	+ 34.0	+ 313.0
1954-55	n.a.	+ 4.0	+ 75.0	+ 65.0	+ 34.0	+110.0	+ 36.0	+ 324.0

a/ (+) - import; (-) - export.

b/ In most cases, the average for 1934-38 inclusive.

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